

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SP-03 AID-20 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12

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FM AMEMBASSY GEORGETOWN

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E.O. 11652: N/A

TAGS: EMIN GY

SUBJECT: MEDIA AND PUBLIC REACTION TO BAUXITE LEVY

REF: GEORGETOWN 1693

1. FOLLOWING ANNOUNCEMENT OF NEW LEVY ON BAUXITE PRODUCED BY REYNOLDS GUYANA MINES (REFTEL), OBVIOUS SIGNS OF GOG CAMPAIGN TO BUILD PUBLIC SUPPORT FOR GOG DECISION ARE APPEARING. MAJOR THEME IS THAT BECAUSE OF ITS INTEGRATED STRUCTURE AND MULTINATIONAL CHARACTER, REYNOLDS HAS BEEN ABLE TO DEPRIVE GUYANA OF FAIR SHARE OF WHAT ITS BAUXITE IS WORTH. NEW TAX IS SIMPLY ATTEMPT TO OBTAIN FOR GUYANA WHAT IS RIGHTFULLY ITS OWN. LOCAL PRESS, GOVT OWNED CHRONICLE AND USUALLY PRO-GOVT GRAPHIC, HEADLINED ANNOUNCEMENT OF LEVY, FEATURED DETAILS OF MINISTER OF ENERGY AND NATURAL RESOURCES HUBERT JACK'S PRESS CONFERENCE, AND CARRIED EDITORIALS ATTACKING REYNOLDS.

2. GRAPHIC EDITORIAL OF SEPT 22 CRITICIZED REYNOLDS FOR FAILURE TO BE GOOD QUOTE CORPORATE CITIZEN UNQUOTE.
AFTER BRIEF INTRODUCTORY REFERENCE TO ITT ROLE IN CHILE, EDITORIAL
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ALLEGES THAT REYNOLDS FAILED TO CONTRIBUTE TO GUYANA'S DEVELOPMENT

BY ACHIEVING HIGHER PRODUCTION, THAT REYNOLDS PAYMENTS TO GUYANA AMOUNTED TO ONLY SMALL FRACTION OF SELLING PRICE OF ALUMINUM, AND THAT REYNOLDS MAINTAINED QUOTE LESS THAN DESIRABLE SOCIAL ENVIRONMENT UNQUOTE AT MINING TOWN OF KWAKWANI. AGAINST THIS BACKGROUND, EDITORIAL ASSERTS, GOG HAS MORAL RIGHT TO OBTAIN MORE FROM REYNOLDS. IRONICALLY, EDITORIAL CONCLUDES BY STATING THAT WOULD-BE PRIVATE INVESTORS SHOULD NOT BE AFRAID SINCE GOVT HAS PLACE IN ECONOMY FOR THEM.

3. IN SEPT 22 CHRONICLE, EDITOR CARL BLACKMAN ALSO ATTACKS REYNOLDS IN REGULAR WEEKLY SIGNED EDITORIAL. BLACKMAN STATES REYNOLDS HAS BEEN QUOTE GETTING HOG RICH OFF OUR BAXUXITE UNQUOTE, AND THAT GUYANA'S DEMAND FOR DOLS US SEVEN MILLION LEVY IS QUOTE CHICKEN FEED OUT OF THE BILLIONS THAT REYNOLDS IS MAKING UNQUOTE. EVALUATING REYNOLDS RESPONSE TO THE LEVY, BLACKMAN SAYS COMPANY COULD QUOTE WITH CROCODILE TEARS SCRAM CONFISCATION... AND COLLECT WHOPPING COMPENSATION UNQUOTE. HOWEVER, HE HOPES THAT REYNOLDS WILL REALIZE HOW MUCH MONEY IT HAS MADE IN GUYANA AND PAY THE LEVY. BLACKMAN CHARACTERIZES REYNOLDS OFFER OF DOLS US FOUR MILLION AS SIGN OF QUOTE CONTEMPT AND CONDESCENSION UNQUOTE. HE CONCLUDES QUOTE THIS BAUXITE IS OURS. AND WE SHALL TAKE THE PRESSURES HOWEVER SUBTEL, HOWEVER SEVERE, BECAUSE AS A FREE PEOPLE, AS A NATION WE WOULD RATHER WALK TALL IN RAGS THAN BE TOADIES OF THE RICH AND POWERFUL UNQUOTE.

4. CAMPAIGN CONTINUED IN SEPT 23 CHRONICLE WHICH CARRIED HEADLINE QUOTE LEVY: BAUXITE WORKERS BACK GOVT UNQUOTE. ARTICLE ALLEGES REYNOLDS WORKERS ARE CALLING FOR IMMEDIATE NATION-ALIZATION IF REYNOLDS DOES NOT PAY LEVY (WITHOUT IDENTIFYING ANY WORKERS BY NAME OR POSITION). ARTICLE ALSO CITES REMARKS OF MINISTER OF ECONOMIC DEVELOPMENT DESMOND HOYTE THAT FOREIGN CAPITALISTS ARE STARTING ADVERSE PROPAGANDA AND THAT INTERNATIONAL FINANCIERS ARE HINTING FOREIGN AID WILL BE DIFFICULT TO OBTAIN IF TERMS OF REYNOLDS TAKE-OVER ARE UNFAVORABLE.

5. OPPOSITION PEOPLE'S PROGRESSIVE PARTY PAPER, MIRROR, PLACED FACTUAL REPORT OF NEW BAUXITE LEVY ON SEPT 22 BACK PAGE BESIDE ARTICLE ON NEW YORKER MAGAZINE STORY THAT ALLEGES CIA INTERVENED TO KEEP PPP LEADER CHEDDI JAGAN FROM COMING TO POWER IN EARLY 1960'S MIRROR EDITORIAL IGNORED BAUXITE LEVY TO TREAT SUBJECT OF CIA LIMITED OFFICIAL USE

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INTERVENTION IN GUYANA IN 1964 AND COMPARED IT WITH REPORTED INTERVENTION IN CHILE AGAINST ALLENDE GOVT.
KREBS

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